

Message Text

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ACTION EB-07

INFO OCT-01 EA-06 ISO-00 IO-10 AGR-05 CIAE-00 COME-00

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 9384

C O N F I D E N T I A L MANILA 15085

E.O. 11652: GDS

TAGS: ETRD, RP

SUBJECT: BILATERAL CONSULTATIONS ON A MULTIFIBER TEXTILE

AGREEMENT

REF: STATE 273325

1. GOP NOTIFIED BY NOTE OF USG PROPOSAL REFTEL WHICH FOLLOWED UP BY TELECONS WITH KEY OFFICIALS DECEMBER 20 AND 23. MATTER STILL BEING DISCUSSED INTERNALLY AMONG TRADE, INDUSTRY AND FINANCE DEPARTMENTS, BUT PRELIMINARY REACTION GOP, AS CONVEYED BY FIN SEC VIRATA TO ECONOMIC/COMMERCIAL COUNSELOR, IS THAT PROPOSAL DECIDEDLY PREMATURE FROM FILIPINO VIEWPOINT. ALTHOUGH MATTER HAS BEEN UNDER DISCUSSION FOR SOME DAYS, ODDS ARE A FORMAL RESPONSE WILL NOT EMERGE BEFORE THE NEW YEAR.

2. IN TALK DEC 23, VIRATA EXPLAINED THAT FILIPINOS HAVE ESSENTIALLY FOUR CONCERN ABOUT A POSSIBLE MFA. FIRST IS THE PROSPECTS OF BEING FROZEN AT A LOW LEVEL ON SYNTHETICS VIS A VIS JAPAN, TAIWAN, KOREA OR HONG KONG. GOP HOPED TO ACHIEVE A RESPECTABLE TRADE POSITION IN THIS REGARD; SECOND CONCERN, THEREFORE, IS THAT PHILIPPINES RETAIN REASONABLE ROOM TO DEVELOP A BASE, "NOT THE SAME AS KOREA AND THE OTHERS, BUT MORE ROOM TO MANEUVER". THIRD, AS EARLIER INDICATED, IS INTEREST

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IN REVISING CERTAIN CATEGORIES WITHIN HEAVILY UNDER-

UTILIZED COTTON TEXTILE QUOTA TO PERMIT GREATER SHIPMENTS.
FOURTH IS AN OFT-EXPRESSED DESIRE TO OBTAIN EXEMPTION OF
U.S. ORIGIN MATERIALS FROM QUOTA CALCULATION. ECON/
COMMERCIAL COUNSELOR SUGGESTED THAT ALL OF THESE WERE
PROPER SUBJECTS FOR CONSULTATION EVEN THOUGH OUR CAPACITY
TO DEAL WITH SOME, E.G., U.S. ORIGIN MATERIALS, MAY
NOT PROVE BROAD ENOUGH. IT WAS NOTED THAT PHILIPPINES WAS
ONLY REGIONAL EXPORTER TO U.S. WITH WHICH WE DID NOT HAVE
MFA, AND IN TIME OTHERS WOULD NO DOUBT OBJECT AS WELL AS
POSSIBLY SEEK PHILIPPINE LOOPHOLE -- A PROBLEM TO WHICH VIRATA
FULLY SENSITIVE. VIRATA SAID HE WOULD DISCUSS U.S.
PROPOSAL WITH HIS COUNTERPARTS AND GIVE EMBASSY A
REACTION SOON.

3. COMMENT. LIST OF GOP WORRIES ABOUT CONSULTATION
IS NOT NOVEL, BUT VIRATA REFLECTS IN HIS PRESENTATION
OF THEM A FIRM FILIPINO BELIEF THAT THE PROPOSAL IS
PREMATURE. FILIPINOS DO NOT SEE THEMSELVES NOW OR IN
INDEFINITE FUTURE AS A SIGNIFICANT SOURCE OF PROBLEMS
FOR U.S. AT THE SAME TIME, VIRATA POINTS TO THE
FACT THAT PRINCIPAL EXPORTERS ARE AMERICAN FIRMS (BABY
TOGS, ETC.). HE SUGGESTS THAT SUCH FIRMS OUGHT TO BE
ABLE TO MAKE THEIR OWN PEACE (SIC) WITH THEIR HOME
MARKET. (THIS ONLY A LITTLE TONGUE IN CHEEK).

4. GIVEN THE NEAR TOTAL CLOSE DOWN OF OFFICIAL
ACTIVITY FROM NOW TO JANUARY 6, WE DO NOT PROMISE EARLY
WORD OF PHIL RESPONSE. THEIR RESPONSE OBVIOUSLY WILL
NOT VIEW A MFA WITH ANY GREAT GLEE. THUS, IF WE HAVE
SOME LEEWAY ON THEIR MAIN CONCERNS IT WOULD BE WORTHWHILE
TO INDICATE THAT, ESPECIALLY IF WE ARE SERIOUS ABOUT
TALKS ON THE SUGGESTED SCHEDULE. AS A FINAL THOUGHT,
IT IS QUITE POSSIBLE THAT WITH ENACTMENT OF THE TRADE BILL
WE WILL ENCOUNTER SCHEDULING PROBLEMS, SINCE OVERALL
ECONOMIC TALKS CAN WELL BE SCHEDULED FOR THAT PERIOD.

5. PLEASE ADVISE.
SULLIVAN

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